



November 24, 2004

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Submitted Visa Email to regs.comments@federalreserve.gov

Re: Docket No. R-1210

Dear Ms. Johnson:

This letter is in response to the Federal Reserve Board's Request for Comment regarding the proposed changes to Regulation E. The TJX Companies, Inc. is a national retailer that has used electronic check conversion (ECK) to clear consumers' returned checks (RCK) since 1998. Although ECK has been in existence in many forms for a number of years, there remain opportunities to make ECK a more viable product for consumers, retailers, and banks alike. We believe that many of the changes currently proposed by NACHA and The Federal Reserve Board would benefit from further review especially with regard to the impact to customers at point of sale. It is most appropriate for The Federal Reserve Board to take an active role in providing guidance with respect to rights and responsibilities of all parties engaged in ECK.

Over recent years the availability and use of ECK has become more prevalent. Some retailers have embraced the point of sale or point of purchase (POP) version of ECK. Many other retailers including TJX continue to wait until the ECK process becomes less cumbersome, especially with respect to being able to correctly identify and subsequently convert business checks.

As we understand it, one of the proposed changes for REG E is a requirement for customer signature at point of sale for RCK. Requiring a signature at point of sale for RCK will be difficult for retailers to execute. Such a requirement will lengthen checkout times and require additional merchant costs (cost of storing or maintaining the signature). Expecting the typical mass merchant point of sale associate to explain to a customer why a signature is needed when they have handed over a check with a signature would be unworkable. As previously noted we have used RCK for six years. Signage serves as notification to customers that their returned checks may be electronically re-presented. To date, questions or complaints on the practice are effectively non-existent. Customers understand and accept that signage constitutes notification and authorization.

Customers are accustomed to electronic consumer payments in many environments including eCommerce, telephone, gas stations, and other retail establishments. They see many sources for debit entries against their checking accounts: online and offline debit card

transactions, use of RFID key fobs, conversion of their paper checks, and verbal or electronic approval when supplying routing and account number in a telephone or eCommerce transaction. Consumers have seen their payments for utilities and other bills converted via accounts receivable conversion (ARC). The tremendous increase in all forms of ECK indicates that consumers are very familiar with the processes involved. Requiring a signature to assert understanding of or approval for RCK (or even POP transactions where the check is imaged) is redundant - a physical check and signature was initially presented. Simple and visible signage at point of sale is quite sufficient to inform check-writing consumers how their checks may be processed, whether it be POP or RCK.

As consumer payment options evolve, it is most appropriate for the Federal Reserve Board to take an active role in evaluating how to make ECK more efficient. ECK should be a cost effective form of payment for all parties involved. Notification through straightforward signing at point of sale provides a cost efficient method of informing the consumer about their payment options.

Thank you for the opportunity to comment on this proposed change to REG E. I would be happy to respond to any questions you may have and can be reached at 508-390-3529 or wendy_sutton@tjx.com.

Sincerely,

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